

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 92-345(II)

December 30, 1994

CENTRAL MAINE POWER COMPANY
Re: Proposed Increase in Rates

SUMMARY OF DECISION
AND ORDER

WELCH, Chairman; HUGHES and NUGENT, Commissioners

Pursuant to section 1003(b) of Chapter 110 of the Commission's Rules of Practice and Procedure, the Commission is issuing a two-part decision in this proceeding. This document contains a summary of our decision and order in this case. We will issue a detailed opinion and subsidiary findings ("Long Order") on or about January 10, 1995.

I. STIPULATED ARP

By this Order, we adopt the stipulated Alternative Rate Plan ("ARP" or "stipulated ARP") for the Central Maine Power Company ("CMP") submitted by several parties in this case on October 14, 1994. The October 14 Stipulation ("the Stipulation")¹ sets forth the terms and conditions relating to the form of rate regulation that will be used to regulate CMP for the next 5 years.

On December 14, 1993, we issued a comprehensive Order in Phase I of this proceeding ("Phase I Order"). Our Phase I Order set forth five benefits that an alternative rate plan could provide. In Phase II of this proceeding, we have analyzed the discrete components of the stipulated ARP and find them acceptable. We have also reviewed the Stipulation on an integrated basis and find that it constitutes a reasonable plan for regulating CMP for the next 5 years. We have conducted our integrated analysis from three different perspectives. From a financial perspective, we conclude that the stipulated ARP is sufficiently robust and flexible. From a qualitative perspective, we conclude that the stipulated ARP satisfies the

¹The October 14 Stipulation was signed by CMP, the Advocacy Staff, the Office of the Public Advocate, the Commercial Customer Utility Coalition, the Department of the Navy and the American Association of Retired Persons ("stipulating parties"). The Alliance to Benefit Consumers filed a Brief in which it opposed the Stipulation. The Industrial Energy Consumer Group and the Bath Iron Works Corporation did not file briefs and took no formal position with regard to the Stipulation.

goals, and is reasonably likely to produce a substantial portion of the benefits, that we articulated in our Phase I Order. From a legal perspective, we conclude that the Commission has the authority to implement the stipulated ARP and that doing so is not contrary to other provisions of Title 35-A.

We find that the record in this case supports moving to a new form of rate regulation for CMP at this time. We further find that one of the most important benefits of the stipulated ARP is that it provides CMP's core customers with predictable rate increases below inflation for the next 5 years. The ARP also provides CMP with significant incentives to manage itself in the most efficient and effective manner. For all of these reasons, we adopt the stipulated Alternative Rate Plan for CMP submitted by several parties in this case on October 14, 1994.

We will provide a detailed discussion of the various provisions of the Stipulation in the Long Order that we issue on or about January 10, 1995. However, there are a series of reporting deadlines that we want to bring to the parties' attention at this time. In the Long Order, we will be directing parties to submit a variety of reports regarding future ARP-related proceedings. Below is a list of reports and deadlines that will be required. Details regarding these reports will be included in the Long Order.

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| January 17, 1995 | Discussion of the scope and timing of the "compliance proceeding" referenced in Attachments F and G of the Stipulation. |
| January 17, 1995 | Discussion of when and in what proceeding the parties propose to resolve open issues relating to interim floor prices. |
| February 14, 1995 | Explanation of the substantive and scheduling relationships between the mid-period and final reviews and other reviews, proceedings and investigations contemplated in the Stipulation and discussion of the scope of those reviews. |

Summary of Decision
and Order

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February 14, 1995 Discussion of the timing and scope of
the DSM target proceedings referenced in
the Stipulation.

II. PROPOSED SCHEDULES AND CONTRACTS

On November 22, 1994, CMP filed a two-part program proposal pursuant to the Flexible Pricing terms to the then-pending ARP Stipulation. Pursuant to Attachment F, section I of the stipulated ARP, CMP filed revised rate schedules for rates LGS-ST-TOU and LGS-T-TOU.² Pursuant to Attachment F, section III(B)(4) of the stipulated ARP, CMP filed a Memorandum of Agreement to be executed by customers in the LGS-ST-TOU and LGS-T-TOU classes that wish to fix the rates charged by CMP for electrical service over a 5-year period ("5-year contracts").³ The proposed schedules and Memorandum of Agreement were filed as a two-part program that was contingent upon PUC approval of the stipulated ARP.

Also on November 22, CMP and the IECG filed a Motion requesting the Commission to consider the proposed schedules and 5-year contracts at the same time we deliberate the merits of the stipulated ARP. In its November 22 Motion, CMP and the IECG also requested the Commission to issue certain waivers and findings that would allow the proposed schedules and 5-year contracts to take effect at the same time the stipulated ARP takes effect.

We hereby grant the moving parties' request and issue the following waivers and findings relating to the two-part program for LGS-ST-TOU and LGS-T-TOU customers:

- We waive the 30-day filing requirements in Attachment F, sections I(F) and III(B)(4) of the Stipulation;
- We waive the notice and comment requirements in Attachment F, sections I(F) and III(B)(4) of the Stipulation;
- We waive the late payment requirements of Chapter 870(1)(j) of the Commission's Rules for the limited purpose of allowing CMP to modify its late payment provisions for LGS-ST-TOU and LGS-T-TOU customers pursuant to Article III of the 5-year contracts;

² On December 13, 1994, CMP withdrew its proposed revision to page 80.00 of the LGS-ST-TOU Rate Schedule.

³ The November 22 Memorandum of Agreement was updated by Standard Form Contracts filed by CMP on December 8 and 19, 1994.

- We approve the interim floor prices for the LGS-ST-TOU and LGS-T-TOU rate classes that were stipulated to by CMP, the Advocacy Staff and the OPA and filed by CMP on December 13, 1994;
- We find that the revised rate schedules for rates LGS-ST-TOU and LGS-T-TOU filed on November 22, 1994,⁴ in conjunction with the waivers identified above, are consistent with the provisions of the stipulated ARP;
- We find that the Standard Form Contracts filed by CMP on December 19, 1994, are consistent with the provisions of the stipulated ARP and are not anti-competitive or unduly discriminatory;
- We find that our review of the revised rate schedules and Standard Form Contracts to determine if they comport with the ARP and are neither anti-competitive nor unduly discriminatory is complete, and
- Executed Customer Service Agreements filed on or before December 27, 1994, will be reviewed by the Director of the Commission's Technical Analysis Division, who will determine if those Agreements are consistent with the stipulated ARP. Where the Agreements conform substantially to the Standard Form Contracts, the Director shall so indicate and no further review shall be required. In the absence of a specific Commission finding, on or before January 10, 1995, that a Customer Service Agreement filed on or before December 27, 1994 is not consistent with Attachment F, Section III. B. of the ARP, the Agreement will be deemed to conform to the ARP requirements. If any such Agreement is found by the Director not to conform to Section III. B. of Attachment F of the ARP, the Director shall promptly inform the other parties and will submit to the Commission, on or before January 6, 1995, the basis for his conclusion. All parties may submit to the Commission, on or before January 9, 1995, their reasons why any such non-conforming Customer Agreement should nevertheless be permitted to take effect. Executed Customer Service Agreements filed pursuant to this program after December 27, 1994, will be reviewed by

⁴ As modified by CMP's December 13 filing.

the Director of Technical Analysis as they are received.

III. LATE-FILED PETITIONS TO INTERVENE

On December 13, 1994, UAH-Hydro Kennebec Limited Partnership ("UAH") filed a Petition to Intervene in this case for the purpose of filing comments that were attached to UAH's Petition to Intervene.

On December 16, 1994, the City of Westbrook filed a Petition to Intervene in this case "for the purpose of submitting limited comments" on the stipulated ARP. In its December 16 Petition, the City of Westbrook noted that it anticipated filing its "formal comments" "by the end of January, 1995."

The UAH Petition and the City of Westbrook Petition are both untimely. Pursuant to section 723 of our Rules of Practice and Procedure, we deny both Petitions. We note that we have considered carefully the comments filed by UAH on December 13th and will discuss those comments in our Long Order. UAH received notice from CMP of the proposed schedules and 5-year contracts. Based upon such notice, UAH prepared and submitted written comments on CMP's proposal that were considered by the Commission prior to our determination of whether CMP's proposal comported with the stipulated ARP. This is precisely the procedure for reviewing flexible pricing proposals that is established by the Stipulation. Had the City of Westbrook submitted written comments with its Petition to Intervene, its comments would have also been considered during our deliberations of the Stipulation. The 6-week delay in the schedule proposed by the City of Westbrook to accommodate its desire to prepare and submit additional comments is inconsistent with the procedure established in the Stipulation. The City of Westbrook has provided no sufficient justification for such a delay.

Accordingly, it is

O R D E R E D

1. That the Stipulation filed by several parties in this proceeding on October 14, 1994, is approved;

2. That the waivers identified in the text of this Order are granted;

3. That the revised rate schedules for rates LGS-ST-TOU and LGS-T-TOU filed on November 22, 1994, as modified by letter filed on December 13, 1994, are, in conjunction with the waivers granted in this Order, consistent with the provisions of the stipulated ARP and may take effect on January 1, 1995. The revised rate schedules are attached to this Order;

4. That the Standard Form Contracts filed on December 19, 1994, are consistent with the provisions of the stipulated ARP and are not anti-competitive or unduly discriminatory; and

5. That we delegate authority to the Director of our Technical Analysis Division to review all executed Customer Service Agreements filed pursuant to the program initiated by CMP by its November 22, 1994 filing in this case.

Dated at Augusta, Maine, this 30th day of December, 1994.

BY ORDER OF THE COMMISSION

Marjorie Marcotte
Assistant Adm. Director

COMMISSIONERS VOTING FOR: Welch
Hughes
Nugent